

EXHIBIT A

Sent: Friday, March 03, 2006 5:51 PM
To: O'Connor, Brian
Subject: The Waverly

Mr. Brian O'Connor
Engle Martin & Associates, Inc.
750 Hammond Drive, Building 19
Atlanta, GA 30328

RE: **Storm Damage Evaluation**
Insured: Maxus Realty
Address of Loss: 100 Waverly Drive
Bay St. Louis, Mississippi
Client File No.: CAT49-018419
MEC Project No.: 2006-011

Dear Mr. O'Connor:

In accordance with your request, Milton Engineering Consultants, P.A. (MEC) has completed an inspection and evaluation of the apartment building complex located at the above-captioned address. It was reported to MEC that the apartment buildings incurred damage during Hurricane Katrina. Specifically, MEC was requested to determine what damage to the buildings could be directly attributed to physical damage caused by hurricane winds associated with Hurricane Katrina.

On February 2, 2006, Jonathan W. Milton, P.E., visited the subject property. Providing access to the apartment complex was Mr. Michael McRobert, Chief Executive Officer with Maxus Properties. Meeting MEC at the site was Mr. Jim Steinle with Maxus Properties, Mr. Brian Snyder, P.E., with Burns & McDonnell, and Mr. Mike Newman with Building Consulting Associates, Inc. Mr. Steinle and Mr. Snyder provided MEC with background information concerning the reported damages. During the site visit the buildings were inspected, photographed, and field notes documenting pertinent information were prepared. The photographs remain on file in MEC's office in Stuart, Florida.

The apartment complex consists of sixteen apartment buildings and a common clubhouse. The apartment buildings are two-story, wood frame structures with asphalt shingle roofs. The clubhouse is a single-story, wood frame structure with an asphalt shingle roof. The complex was reportedly built in 2001.

The buildings in the complex sustained damage from both wind and rising water. Standing water lines measured within the buildings established a water level approximately 36" above the second story interior floor surfaces. During the site inspection, a consensus was reached by the parties present that the interior damage to the first story units was related solely to rising water.

MEC has prepared a building-by-building and unit-by-unit spreadsheet to present its findings. The information in this spreadsheet identifies what damage, in MEC's opinion, can be directly attributed to physical damage caused by the hurricane winds associated with Hurricane Katrina. The sections of the spreadsheet are broken down by building number and second-story unit number. Exterior damage is summarized at the top section for each building. The percentages provided for the bedroom walls and ceilings and living area walls and ceilings correlates to the amount of interior damage (in terms of area) in these particular rooms that can be attributed to physical damage caused by the hurricane winds. This includes direct physical damage and interior water damage related to a wind-generated opening. "Living area" includes the unit's living room, dining room, kitchen, hall bathroom,

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and hallway (areas other than the bedrooms). Damaged areas were approximated in 25% increments to simplify the spreadsheet.

Please contact me should you require any further information or clarification. Should it become necessary, a full report, including and expanded account of procedures and photographs, can be prepared at your request.

I appreciate the opportunity to be of service to you. If I may be of further assistance in this or any other matter, please do not hesitate to contact me.

Jonathan W. Milton, P.E.
State of Mississippi
Registration No. 15305

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